

**INVESTMENT STRATEGY**

The Lester Canadian Equity Fund, launched in January 2012, is managed by Lester Asset Management (LAM), and employs the same strategy used in managing LAM's segregated accounts since July 2006. The Fund is invested in 40 to 50 large, mid and small cap Canadian listed companies selected using a disciplined and long-term investment approach. Research is based on a sound understanding of each company and the industry in which each operates, complemented by our macro-economic outlook. The Fund's investment philosophy is value-oriented seeking to purchase shares at a discount relative to a company's true worth, as well as event-driven with the goal of eventually realizing maximum shareholder value either through dividend increases, share buybacks, spin-offs or an outright sale. The Fund's objective is to achieve higher than market returns with lower risk.

**MONTHLY COMMENTS**

The Lester Canadian Equity Fund decreased -0.2% versus an increase of +2.9% for the TSX Composite Total Return. Our underperformance was due to our low weightings in the three main industry sectors of the TSX which rose during the month (Materials, Energy, and Financials), high weightings in interest sensitive sectors which declined (Utilities, Telecoms), and drag from large cash balances. Most world stock markets continued to rebound despite the continuing threat of U.S. trade wars and heightened risks in Europe following the election of anti-EURO parties in Italy. Top gainers included Badger Daylighting (+18%), Grande West Transportation (+11%), AG Growth (+11%), Pembina Pipeline (+10%), CN Railway (+9%) and CGI Group (+7%). Losers included Centric Health (-39%), Input Capital (-21%), Velan (-13%), Diamond Estates (-11%), Rogers Sugar (-10%), Altus Group (-9%) and Winpak (-7%). In light of persistent high stock valuations and increasing geopolitical and financial risks, we prefer to continue holding more cash and defensive high dividend yielding stocks.

**MONTHLY NET RETURNS \***

|      | Jan   | Feb   | Mar   | Apr   | May   | Jun   | Jul   | Aug   | Sep    | Oct    | Nov   | Dec   | LAM**         | TSX**  | S&P500** | S&P500 \$C |
|------|-------|-------|-------|-------|-------|-------|-------|-------|--------|--------|-------|-------|---------------|--------|----------|------------|
| 2006 |       |       |       |       |       |       | 4.1%  | 3.9%  | 0.3%   | 5.6%   | 0.3%  | 4.4%  | <b>20.0%</b>  | 12.5%  | 12.7%    | 17.8%      |
| 2007 | 4.3%  | 2.4%  | 0.5%  | 5.0%  | 3.0%  | 0.9%  | 1.6%  | -5.3% | 2.4%   | 2.9%   | -6.3% | 2.4%  | <b>13.9%</b>  | 9.8%   | 5.5%     | -9.8%      |
| 2008 | -6.4% | 1.0%  | -2.5% | 0.4%  | 2.3%  | -1.8% | -5.2% | 1.3%  | -13.4% | -14.8% | -8.5% | -1.8% | <b>-40.8%</b> | -33.0% | -37.0%   | -23.1%     |
| 2009 | 1.8%  | -2.2% | 6.3%  | 5.9%  | 8.1%  | 2.2%  | 4.2%  | 3.8%  | 4.7%   | 2.9%   | 5.2%  | 4.3%  | <b>58.3%</b>  | 35.1%  | 26.5%    | 9.3%       |
| 2010 | -0.5% | 2.3%  | 2.7%  | 2.6%  | -3.5% | -0.8% | 2.0%  | 2.3%  | 5.0%   | 4.9%   | 3.2%  | 5.2%  | <b>28.1%</b>  | 17.6%  | 15.1%    | 9.0%       |
| 2011 | 1.7%  | 1.7%  | -0.3% | 2.1%  | 1.6%  | -2.7% | 1.1%  | -0.3% | -4.3%  | 3.1%   | 0.5%  | 0.3%  | <b>4.5%</b>   | -8.7%  | 2.1%     | 7.6%       |
| 2012 | 3.8%  | 0.7%  | 1.3%  | 1.5%  | -1.8% | -1.2% | 0.7%  | 2.3%  | 3.5%   | 0.9%   | 1.0%  | 2.9%  | <b>16.8%</b>  | 7.2%   | 16.0%    | 13.5%      |
| 2013 | 3.8%  | 1.2%  | 1.0%  | -0.6% | 0.8%  | -1.0% | 1.4%  | 0.5%  | 2.1%   | 2.7%   | 2.1%  | 2.7%  | <b>17.8%</b>  | 13.0%  | 32.4%    | 41.1%      |
| 2014 | 0.8%  | 0.7%  | 1.1%  | -0.4% | 1.9%  | 2.4%  | -0.6% | 3.3%  | -3.1%  | -0.1%  | 0.1%  | 2.4%  | <b>8.8%</b>   | 10.5%  | 13.7%    | 24.0%      |
| 2015 | -2.7% | 1.6%  | -1.9% | 4.2%  | -1.2% | -0.6% | -1.7% | -6.6% | -4.6%  | 1.5%   | -0.8% | 1.5%  | <b>-11.3%</b> | -8.3%  | 1.4%     | 20.1%      |
| 2016 | -1.1% | -0.3% | 8.6%  | 1.6%  | 3.8%  | 0.9%  | 2.6%  | 2.1%  | 3.1%   | 0.1%   | -1.6% | 3.1%  | <b>24.7%</b>  | 21.1%  | 12.0%    | 8.7%       |
| 2017 | -1.0% | 1.1%  | 2.9%  | -0.7% | 2.9%  | 0.1%  | -1.0% | 0.1%  | 1.7%   | 1.4%   | 0.3%  | 5.7%  | <b>14.1%</b>  | 9.1%   | 21.8%    | 14.2%      |
| 2018 | -1.7% | -1.7% | 1.0%  | -1.1% | -0.2% |       |       |       |        |        |       |       | <b>-3.7%</b>  | 0.2%   | 3.3%     | 5.7%       |

\*Dollar-weighted average returns net of fees for LAM's equity composite up to December 2011. Lester Canadian Equity Fund Series F as of January 2012.

\*\* Including dividends.

**INDUSTRY WEIGHTINGS**

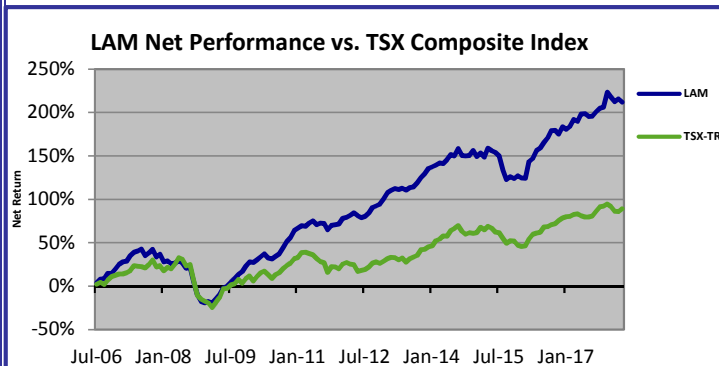
|                |                        |              |
|----------------|------------------------|--------------|
| Industrial     | diversified            | 20.8%        |
| Consumer S&D   | food & bevs/deathcare  | 19.7%        |
| Utilities      | renewables/power       | 10.9%        |
| Technology     | IT/software/wireless   | 8.6%         |
| Financial/R.E. | loans/asset mgt/retail | 8.1%         |
| Energy         | pipelines/midstream    | 6.6%         |
| Healthcare     | mobility/pharma/homes  | 5.3%         |
| Telecom        | wireless/TV/internet   | 5.1%         |
| Materials      | packaging              | 1.8%         |
| Cash           | cash & equivalents     | <b>13.1%</b> |

**TOP LARGE CAP HOLDINGS**

|  |
|--|
| CN (railway transportation)              |
| Pembina Pipeline (energy infrastructure) |
| Telus (telecommunications)               |
| CGI Group (IT consulting)                |
| BCE (telecom & media)                    |
| Algonquin (renewable power & utilities)  |
| Keyera (energy infrastructure)           |
| Loblaw (food & drug retailing)           |
| Emera (power production & distribution)  |
| Winpak (specialty packaging)             |

**TOP SMALL / MID CAP HOLDINGS**

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| Andrew Peller (wine production & sales)      |
| Logistec (marine & environmental services)   |
| Badger Daylighting (hydrovac excavation)     |
| Boralex (renewable power)                    |
| Sienna Senior Living (retirement residences) |
| K-Bro Linen (industrial laundry services)    |
| Solium (securities software)                 |
| Baylin Technologies (wireless antennae)      |
| Park Lawn (cemeteries & funerals)            |
| Grande West (bus manufacturing)              |



|                  | 3 Month | 1 Year | 3 Year | 5 Year | 10 Year | 1-Jul-06 |
|------------------|---------|--------|--------|--------|---------|----------|
| LAM Cumulative   | -0.3%   | 4.4%   | 21.8%  | 46.4%  | 140.8%  | 211.5%   |
| TSX Composite TR | 4.6%    | 7.7%   | 17.0%  | 47.2%  | 46.9%   | 95.2%    |
| LAM Value Added  | -4.9%   | -3.3%  | 4.8%   | -0.8%  | 93.9%   | 116.4%   |
| LAM Annualized   |         | 4.4%   | 6.8%   | 7.9%   | 9.2%    | 10.0%    |
| TSX Composite TR |         | 7.7%   | 5.4%   | 8.0%   | 3.9%    | 5.8%     |
| LAM Value Added  |         | -3.3%  | 1.4%   | -0.1%  | 5.3%    | 4.2%     |

**INVESTMENT TERMS**

|                 |  |
|-----------------|--|
| Minimum         | \$25,000 (accredited)/\$150,000 (non-accredited) |
| Net Asset Value | \$18.18 Series F FundSERV: LAF100                |
| Management Fee  | 1.5% (plus approx. 0.10% for trading/custodial)  |
| Fund/Firm AUM   | \$62 million/\$323 million                       |